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HOUSE BILL 745

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Rick Miera

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; LIMITING SCHOOL DISTRICT AND
CHARTER SCHOOL CASH BALANCES; DECLARING AN EMERGENCY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 22-8-41 NMSA 1978 (being Laws 1967,
Chapter 16, Section 99, as amended) is amended to read:

"22-8-41. RESTRICTION ON OPERATIONAL FUNDS-- EMERGENCY
ACCOUNTS-- CASH BALANCES. --

A. ~~[No]~~ A school district shall not expend money
from its operational fund for the acquisition of a building
site or for the construction of a new structure, unless the
school district has bonded itself to practical capacity or the
state superintendent determines and certifies to the
legislative finance committee that the expending of money from
the operational fund for this purpose is necessary for an

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1 adequate public educational program and will not unduly hamper
2 the school district's current operations.

3 B. A school district or charter school may budget
4 out of cash balances carried forward from the previous fiscal
5 year an amount not to exceed five percent of its proposed
6 operational fund expenditures for the ensuing fiscal year as an
7 emergency account. Money in the emergency account shall be
8 used only for unforeseen expenditures incurred after the annual
9 budget was approved and shall not be expended without the prior
10 written approval of the state superintendent.

11 C. In addition to the emergency account, school
12 districts or charter schools may also budget operational fund
13 cash balances carried forward from the previous fiscal year for
14 operational expenditures, exclusive of salaries and payroll,
15 upon specific prior approval of the state superintendent. The
16 state superintendent shall notify the legislative finance
17 committee in writing of his approval of such proposed
18 expenditures.

19 D. Beginning with fiscal year 2004, prior to
20 approval of a school district's or charter school's budget, the
21 state superintendent shall verify that the school district's or
22 charter school's ending cash balance does not exceed:

23 (1) nine percent if the current year program
24 cost is less than five million dollars (\$5,000,000);

25 (2) seven and one-half percent if the current

underscored material = new
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1 year program cost is five million dollars (\$5,000,000) but less
2 than ten million dollars (\$10,000,000);

3 (3) six percent if the current year program
4 cost is ten million dollars (\$10,000,000) but less than twenty-
5 five million dollars (\$25,000,000);

6 (4) four and one-half percent if the current
7 year program cost is twenty-five million dollars (\$25,000,000)
8 but less than two hundred million dollars (\$200,000,000); and

9 (5) three and one-half percent if the current
10 year program cost is two hundred million dollars (\$200,000,000)
11 or more.

12 E. The limits in Subsection D of this section shall
13 be implemented if the amount of a school district's or charter
14 school's credit does not exceed fifteen percent of its cash
15 balance but is not less than seven dollars fifty cents (\$7.50)
16 per MEM as reported on the fortieth day of the current year.
17 If a school district or charter school exceeds the limits in
18 that subsection, the state superintendent shall adjust its
19 state equalization guarantee distribution accordingly.

20 F. In developing budgets, school districts and
21 charter schools shall not budget current year cash balances
22 without the approval of the state superintendent.

23 G. A school district or charter school may request
24 a waiver of the cash balance requirement from the state
25 superintendent for a hardship that would impair the operation

1 of the school district or charter school.

2 H. For the purposes of this section, "cash balance"
3 means the unrestricted, unreserved cash balance and the
4 emergency reserve."

5 Section 2. EMERGENCY.--It is necessary for the public
6 peace, health and safety that this act take effect immediately.

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